

FINANCIAL STATEMENT

TOWN OF WALNUT

WALNUT, MISSISSIPPI

SEPTEMBER 30, 2019

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# LINDSEY, DAVIS AND ASSOCIATES

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SHONDA DAVIS

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen  
Town of Walnut  
Walnut, Mississippi 38683

### **Report on the Financial Statements**

We have audited the accompanying cash basis statement of cash receipts and disbursements of the governmental activities and business-type activities of the Town of Walnut, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash receipts and disbursements of the governmental and business-type activities of the Town of Walnut for the year ended September 30, 2019, on the basis of accounting described in Note A.

### **Basis of Accounting**

We draw attention to Note A of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The supplementary information contained on pages 8, 9 and 10 is presented for the purpose of additional analysis and is not a required part of the financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the statement of cash receipts and disbursements - (all funds) cash basis and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2020, on our consideration of the Town of Walnut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Walnut's internal control over financial reporting and compliance.

*Lindsey, Davis & Associates*

Lindsey, Davis and Associates  
Certified Public Accountants

Ripley, Mississippi  
August 25, 2020

**TOWN OF WALNUT**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS**  
**YEAR ENDED SEPTEMBER 30, 2019**

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2019	2018
<b>CASH OPERATING RECEIPTS</b>				
Privilege License	\$ 5,775	\$	\$ 5,775	\$ 2,186
General Property Taxes	65,952		65,952	52,829
Prior Year Taxes	243		243	75
Penalties and Interest on Delinquent Taxes	810		810	253
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	256,344		256,344	252,172
Gasoline Tax	2,361		2,361	2,361
Fire Protection	4,551		4,551	4,401
Homestead Exemption	3,153		3,153	2,987
TVA in Lieu of Taxes	11,181		11,181	11,339
General Municipal Aid	384		384	384
County Shared Receipts:				
Road Tax	20,395		20,395	14,201
Fire Protection	16,000		16,000	16,000
Charges for Services:				
Gas & Water Utilities		1,227,576	1,227,576	1,158,157
Garbage Collection Fees	21,045		21,045	22,859
Fines	22,040		22,040	9,765
Park - Fees	54,420		54,420	43,273
Gross Receipts Tax	35,606		35,606	35,009
Wellness Center Memberships	46,935		46,935	44,923
Miscellaneous	68,593	12,583	81,176	84,109
<b>TOTAL OPERATING RECEIPTS</b>	<b>635,788</b>	<b>1,240,159</b>	<b>1,875,947</b>	<b>1,757,283</b>
<b>OTHER CASH RECEIPTS</b>				
Interest	1,422	5,379	6,801	5,645
Transfer	107,809		107,809	40,600
Grant Proceeds	100,000		100,000	89,275
<b>TOTAL OTHER RECEIPTS</b>	<b>209,231</b>	<b>5,379</b>	<b>214,610</b>	<b>135,520</b>
<b>TOTAL CASH RECEIPTS</b>	<b>845,019</b>	<b>1,245,538</b>	<b>2,090,557</b>	<b>1,892,803</b>

See Independent Auditor's Report

TOWN OF WALNUT  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS  
YEAR ENDED SEPTEMBER 30, 2019

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2019	2018
<b>CASH OPERATING DISBURSEMENTS</b>				
General Government	202,830		202,830	126,256
Public Safety:				
Police	150,727		150,727	132,812
Fire	15,024		15,024	36,158
Highways and Streets:				
Repairs & Maintenance	19,250		19,250	28,114
Enterprise:				
Gas & Water Utilities		770,135	770,135	691,596
Sanitation	20,161		20,161	20,216
Park & Recreation	67,612		67,612	61,575
<b>TOTAL OPERATING DISBURSEMENTS</b>	<b>475,604</b>	<b>770,135</b>	<b>1,245,739</b>	<b>1,096,727</b>
<b>OTHER CASH DISBURSEMENTS</b>				
Interest	4,603	24,240	28,843	30,945
Transfer		107,809	107,809	40,600
Principal Payments	34,025	34,261	68,286	66,184
Capital Expenditures	259,385	160,850	420,235	420,153
Grant Expenditures	100,000		100,000	37,993
<b>TOTAL OTHER DISBURSEMENTS</b>	<b>398,013</b>	<b>327,160</b>	<b>725,173</b>	<b>595,875</b>
<b>TOTAL CASH DISBURSEMENTS</b>	<b>873,617</b>	<b>1,097,295</b>	<b>1,970,912</b>	<b>1,692,602</b>
<b>EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS</b>	<b>(28,598)</b>	<b>148,243</b>	<b>119,645</b>	<b>200,201</b>
Cash Balances - Beginning of Year	323,725	979,115	1,302,840	1,102,639
Cash Balances - End of Year	<u>\$ 295,127</u>	<u>\$ 1,127,358</u>	<u>\$ 1,422,485</u>	<u>\$ 1,302,840</u>

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TOWN OF WALNUT  
NOTES TO THE FINANCIAL STATEMENT  
YEAR ENDED SEPTEMBER 30, 2019

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The Town operates under the Mayor - Board of Aldermen form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the Town consists of all the funds of the Town.

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity.

Basis of Accounting

The financial statement is prepared on a cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received, and certain expenses are recognized when paid rather than when the obligation is incurred.

NOTE B. REPORT CLASSIFICATIONS

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor.

TOWN OF WALNUT  
SCHEDULE OF LONG-TERM DEBT  
YEAR ENDED SEPTEMBER 30, 2019

	<u>Definition and Purpose</u>	<u>Balance Outstanding Oct. 1, 2018</u>	<u>Transactions During Fiscal Year Issued</u>	<u>Redeemed</u>	<u>Balance Outstanding Sept. 30, 2019</u>
Rural Development	Water System	\$ 183,676	\$	\$ 4,703	\$ 178,973
MS Dept of Environmental Quality	Water System	77,882		5,839	72,043
MS Dept of Environmental Quality	Water System	86,860		5,524	81,336
Rural Development	Gas System	255,198		18,195	237,003
Northeast Mississippi Planning and Development District	General Fund	<u>214,386</u>		<u>34,025</u>	<u>180,361</u>
Total		<u>\$ 818,002</u>	<u>\$</u>	<u>\$ 68,286</u>	<u>\$ 749,716</u>

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TOWN OF WALNUT  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
SEPTEMBER 30, 2019

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Vicki Skinner	Mayor	Western Surety Company	\$ 50,000
Dana Hopkins	Town Clerk	Western Surety Company	250,000
Dana Hopkins	Court Clerk	Western Surety Company	25,000
Meghan Burchfield	Deputy Clerk	Western Surety Company	25,000
Michael Anglin	Police Chief	Western Surety Company	50,000
John Anderson	Part-Time Policeman	Western Surety Company	25,000
Jesse James	Part-Time Policeman	Western Surety Company	25,000
Cody Moore	Part-Time Policeman	Western Surety Company	25,000
Kevin Jeffcoat	Part-Time Policeman	Western Surety Company	25,000
Jason McDaniel	Part-Time Policeman	Western Surety Company	25,000
Zachary Perkins	Part-Time Policeman	Western Surety Company	25,000
Dusty Smith	Part-Time Policeman	Western Surety Company	25,000
Shane Stegall	Part-Time Policeman	Western Surety Company	25,000
Kelley Zellner	Part-Time Policeman	Western Surety Company	25,000
Chad Bateman	Alderman	Western Surety Company	25,000
Kevin Winter	Alderman	Western Surety Company	25,000
William D. Nabors	Alderman	Western Surety Company	25,000
Scott Pulliam	Alderman	Western Surety Company	25,000
Larry Dollar	Alderman	Western Surety Company	25,000

See Independent Auditor's Report

TOWN OF WALNUT  
SCHEDULE OF INVESTMENTS (ALL FUNDS) - CASH BASIS  
YEAR ENDED SEPTEMBER 30, 2019

The Town of Walnut owned no securities held for investment at September 30, 2019.

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the Mayor and Board of Aldermen  
Town of Walnut  
Walnut, Mississippi 38683

We have audited the statement of cash receipts and disbursements - (all funds) cash basis of the Town of Walnut as of and for the year ended September 30, 2019 and have issued our report dated August 25, 2020. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statement disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of the Town's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Lindsey, Davis & Associates*

Lindsey, Davis and Associates  
Certified Public Accountants

Ripley, Mississippi  
August 25, 2020

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Board of Aldermen  
Town of Walnut  
Walnut, MS 38683

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis statement of cash receipts and disbursements of the governmental activities and the business-type activities of the Town of Walnut, as of and for the year ended September 30, 2019, and the related notes to the financial statement, which collectively comprise the Town of Walnut basic financial statement, and have issued our report thereon dated August 25, 2020.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town of Walnut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town of Walnut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Walnut's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Walnut's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lindsey, Davis & Associates*

Lindsey, Davis and Associates  
Certified Public Accountants

Ripley, Mississippi  
August 25, 2020